GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2170
ANSWERED ON:11.12.2015
Unclaimed Deposits in Banks
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Will the Minister of FINANCE be pleased to state:

((a) whether a large amount/deposits are lying unclaimed in various public/private sector banks in the country;

(b) if so, the details thereof, bank-wise during the last three years and the current year;

(c) whether the Government has conducted any survey and fixed any norms to deal with such unclaimed deposits and if so, the details thereof;

(d) whether the Government/Reserve Bank of India (RBI) has any proposal to utilise such unclaimed amount and if so, the details thereof; and

(e) the steps taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) and (b): In terms of provisions of Section 26 of the Banking Regulation Act, 1949 every banking company shall, within 30 days after the close of each calendar year, submit a return in the prescribed format and manner to the Reserve Bank of India (RBI). The total amount of unclaimed deposits (more than 10 years old) lying with the Scheduled Commercial Banks (SCBs) as on 31st December, 2014 is Rs.4998.27 crores. These accounts have not been operated upon for 10 years.

The Bank group-wise details of unclaimed deposits lying with the scheduled commercial banks (SCBs) during the last three years i.e., as on 2012, 2013 and 2014 are as under:

(Amount in Rs. Crores)

Bank Group	As on 31.12.2012	As on 31.12.2013	As on 31.12.2014
SBI Group	714.08	1469.99	1035.94
Nationalised Banks/PSBs	2522.6	2712.76	3210.29
Private Sector Banks	340.99	449.21	603.36
Foreign Banks	74.98	493.02	148.68
Total (All SCBs)	3652.65	5124.98	4998.27

(c): Government has not conducted any formal survey to deal with such unclaimed deposits. However, RBI, vide its circulars, dated August 22, 2008 and February 07, 2012, advised banks to play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative and the banks have also been advised to display the list of unclaimed deposits / inoperative accounts which are inactive / inoperative for 10 years or more, on their respective websites and also to keep their websites updated at regular intervals. Banks have been advised to find the whereabouts of the customers and their legal heirs. These instructions, inter-alia, include (i) annual review of accounts in which there are no operations, (ii) operations in such accounts to be allowed after due-diligence; and (iii) no charge to be levied for activation of inoperative account, etc. Banks have also been advised to give on the same website, the information on the process of claiming the unclaimed deposit / activating the inoperative account and the necessary form and the documents for claiming the same. Banks are required to have adequate operational safeguards to ensure that the claimants are genuine.

(d) and (e): Pursuant to the enactment of the Banking Laws (Amendment) Act, 2012, section 26A has been inserted in the Banking Regulation Act, 1949, which inter-alia, empowers RBI to establish "The Depositor Education and Awareness Fund". RBI has since established The Depositor Education and Awareness Fund (DEAF). In terms of sub-section (4) of section 26A of the Banking Regulation Act, 1949, DEAF shall be utilised for promotion of depositors' interests and for such other purposes which may be necessary for the promotion of depositors' interests as may be specified by the Reserve Bank of India from time to time.

Further, RBI has framed "The Depositor Education and Awareness Fund Scheme, 2014", which has been notified in the Official Gazette of India on May 24, 2014 and accordingly, banks were advised to calculate the cumulative credit balances in any deposit account maintained with banks which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as on the day prior to the effective date, that is, the date on which The Depositor Education and Awareness Fund Scheme, 2014 was notified in the Official Gazette of India, and transfer the amount to DEAF on the last working day of subsequent month, including the accrued interest that the bank would have been required to pay to the customer / depositor as on the date of transfer to the fund. Operational Guidelines for the Depositor Education and Awareness Fund Scheme, 2014 have been issued to all

banks on May 27, 2014.

RBI has specified vide its circular dated June 26, 2014, that the rate of interest payable by banks to the depositors / claimants on the unclaimed interest bearing deposit amount transferred to the DEAF shall accrue only from the date on which the balance in an account was transferred to DEAF to the date of payment to the customer / depositor at the rate of 4% simple interest per annum, until further notice. No Interest shall be payable in respect of amounts refunded from DEAF, in respect of which no interest was payable by the bank to its customer / depositor.

RBI has issued necessary guidelines on January 9, 2015 for registration of entities for giving financial grants from the DEAF.

The provisions of section 26A of the Banking Regulation Act, 1949 do not prevent a depositor or any other claimant from claiming his deposit or unclaimed amount or operating his account or deposit account after the expiry of the period of ten years and the banking companies shall be liable to repay the deposit or amount at such interest as specified by RBI and claim refund of such amount from DEAF.

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